

**Security and Operations Committee  
New Mexico Lottery Authority  
April 2, 2019**

**MINUTES**

**Call to Order:** Sal Baragiola called the meeting to order at 10:32 a.m. and asked for a roll call. Present and constituting a quorum were: Aubrey McGowen, Sal Baragiola, and Paul Guerin.

Present from NMLA were: David Barden, Carolyn Cabell, Karla Wilkinson, Sylvia Jaramillo, Kevin Duda, and Wilma Atencio.

**Approve Proposed Agenda:** S. Baragiola entertained a motion to approve the proposed agenda noting that there is a typographical error. A. McGowen made a motion to approve the proposed agenda noting that item #4 is missing under Operations; second by P. Guerin. Carried; 3-0.

**Public Comment:** None.

**REPORTS:**

**Security and Operations Committee:**

**Revised External Policies:** D. Barden reported that the Lottery has updated policies that need Board approval. These revisions relate to game changes, repeals, and editorial changes.

C. Cabell reported that the Lottery has five policies that were previously approved by the Board with recommended revisions. These policies are related to games and product categories. These policies were created by different individuals over the years and one of the Lottery's objectives is to ensure all policies are uniform and that wording and formatting are consistent. The Lottery designed a new cover page for external policies. The current policies have about 2.5 pages of introductory information and a lot of it is repetitive. D. Barden reported that the Lottery wanted to simplify the policies. C. Cabell reported that K. Wilkinson was a tremendous help in updating these documents.

**NMLA Rules for Online Games:** C. Cabell provided an update on the Rules for Online Games and the memo outlining the changes. C. Cabell reported that many of the changes are for consistency, clarity, and brevity. The changes include:

- Formatting and other editorial changes throughout for consistency, clarity, and brevity
- Updates to Pick 3, Mega Millions, and Lotto America game attributes
- For Pick 4, the prize structure table was updated to reflect recent technical corrections. The prize for Front Pair or Back Pair was updated to \$1 and the odds for that prize were updated to 1 in 51. The previous prize amount was \$28.
- For Powerball, Mega Millions, and Lotto America, the current MUSL Product Group Rules dates were updated. Group Rules govern these games and affect all states participating in the games, and therefore the Lottery must make game changes dictated by the Group Rules.

S. Baragiola asked if the Committee wants to discuss any of the changes mentioned in the memo or the red-lined document. Most changes were related to updating and formatting. S. Baragiola stated for purposes of discussion that if there's something that regularly changes like the national rules, the Lottery could consider a policy that states we will follow the national rules and attach those documents to the policy as an addendum, making it easier for the Lottery to institute the changes. The Lottery would keep these rule changes on hand and available for anyone to see the changes.

D. Barden reported that it would be easier and recommends that the motion include that staff could adopt nationally-adopted rules within the rules and update the Committee and the Board.

P. Guerin asked what causes all these frequent changes. D. Barden reported that with Powerball the changes occur approximately every 18 months and the changes could include promotions or changing the matrix.

P. Guerin asked S. Baragiola if he's suggesting the Lottery cover game changes with other language, so the Lottery doesn't have to make changes to the rules approved by the Board. S. Baragiola stated that the policy would state that the Lottery follows the national rules and any other policies and procedures that are mandated by the national rules. The Lottery would then just update the Committee and Board.

P. Guerin asked D. Barden if such language would be acceptable. D. Barden stated yes, the Lottery simply follows the national rule changes. These are mandated changes and must be instituted. C. Cabell reported that this document does some of that for the games that are multi-state. The policy does reference that the controlling rule is the national rule. The Lottery condenses the national rules within the policy for easier player access.

S. Baragiola suggested a motion for the Board that for national game changes that are mandated for the New Mexico Lottery Authority to follow, the Lottery adopt a policy that states they will follow those rules and incorporate those rules as appropriate to the administrative functions of the Lottery. D. Barden stated that would be appropriate.

P. Guerin stated that once we have this motion and the Board approves it, internally the Lottery would take care of updates dictated by national rule changes. D. Barden stated correct. S. Baragiola stated the Lottery would notify this committee and the Board of any rule changes in the CEO Update. D. Barden reported that historically the Lottery has brought forth all external policy changes and most of the changes are probably unnecessary to bring before the Board. It is the Board's option to determine what policy they want to review and discuss.

P. Guerin reported that he is interested in substantive matters and not non-substantive issues that take the Lottery's valuable time to discuss. S. Baragiola stated that his first suggestion leads into his second discussion. His proposed motion dealt with the national mandated rules. The second discussion is what the Committee wants to be notified of regarding daily operations and routine business items. D. Barden stated that this is the Board's decision.

S. Jaramillo asked if new national games will be brought before the Board for approval. A. McGowen stated he is of the opinion that Lottery management is in charge and should take care of updating game rules. The Committee doesn't need to review these changes. The Lottery has good people and good leadership and the CEO can report important updates to the Committee and Board. S. Baragiola stated that the Lottery isn't updating a policy; we are updating a game. D. Barden stated correct. D. Barden asked whether any game-related policy can be updated by staff pursuant to national game updates. S. Baragiola stated yes. New games would need to be approved.

S. Baragiola reported that if games are under this Committee's purview, then the Security and Operations Committee can make a motion as it relates to this discussion. This first motion is for national games and rules. The second motion is changes to any game-related rules.

D. Barden recommended the ability of staff to update rules without Board approval be applied to all games, so that the Committee won't have to review routine rule revisions for in-state games. The Committee members were all in agreement.

S. Baragiola asked if this motion should supersede the first one, and instead make one new motion to include everything. P. Guerin and A. McGowen stated yes. S. Baragiola made a motion that game rule changes will not be presented to the Operations and Security Committee for action, but will be adopted by the Lottery Authority at the discretion of the CEO, who will advise the full Board of the changes during the CEO briefing; second by P. Guerin. Carried 3-0.

S. Baragiola made a motion to approve the Rules for Online Game Rules as presented; second by P. Guerin. Carried 3-0.

**NMLA Rules for Quicksters Games:** C. Cabell reported that the Rules for Quicksters Games policy has been revised primarily to reflect the rebranding of “Quicksters” to “Fast Play!” The nature of changes is similar to the policy discussed prior; most changes are for formatting, wording, clarity, brevity, and consistency.

P. Guerin asked why the Lottery made the changes. K. Wilkson reported that this game needed a refreshment to be more appealing to players and the Lottery liked the name Fast Play! P. Guerin asked if this will help. K. Wilkinson reported it will help when the prize payout increases. D. Barden reported that there are times when things need to be refreshed and this was a game the Lottery wanted to rebrand by refreshing it with a new name and simple changes in marketing.

S. Baragiola made a motion to approve the NMLA Rules for Quicksters Games as presented; second by A. McGowen. Carried; 3-0.

**NMLA Rules for Instant Games:** C. Cabell referenced the memorandum for changes to the Rules for Instant Games. There were no changes to how these games play and operate. The changes are formatting, wording, clarity, brevity, and consistency.

S. Baragiola made a motion to approve the Rules for Instant Games as presented; second by P. Guerin. Carried; 3-0.

**Repeal MUSL Policy and Rule Adoption:** C. Cabell reported there is a policy called MUSL Policy and Rule Adoption and it is a short policy that lists dates of the most recent updates for multi-state games. All of that information is now contained in the Rules for Online Games, so it is redundant to have a separate policy. Given the motion that changes can be made to all games, the Lottery recommends this policy be repealed.

S. Baragiola made a motion to repeal the MUSL Policy and Rule Adoption; second by A. McGowen. Carried; 3-0.

**Repeal NMLA Rules for Lucky Numbers Bingo:** K. Wilkinson reported that we ended Lucky Numbers Bingo on March 16, 2019. The game wasn’t performing well. We had a small number of players that played the game. We received no complaint when we ended the game. The game started in 2015. D. Barden reported that this game was an attempt to get into bars and restaurants to reach people in a social environment. Until we can change our prize payout, we won’t see an uptick in sales. K. Wilkson reported that this game could have performed better with special terminals that we didn’t have. Players have ninety days to claim their prize from March 16, 2019 or until the next business day if the NMLA is closed on the ninetieth day. The Lottery recommends this policy be repealed following the last day to claim prizes.

S. Baragiola made a motion to repeal the NMLA Rules for Lucky Numbers Bingo; second by A. McGowen. Carried; 3-0.

**Other:** D. Barden reported that the Security Division interviewed and presented an offer to a candidate who turned down the position. S. Baragiola reported that he will get in touch with V. Torrez, Vice President for Security, about directing law enforcement individuals to the Lottery website. S. Baragiola reported that he has access to a website that is primarily retired law enforcement individuals who may be interested in doing something new.

**Adjournment:** S. Baragiola moved to adjourn the meeting; second by P. Guerin. Carried; 3-0. The meeting adjourned at 11:12 a.m.



Sal Baragiola, Chairman

Date: 6-26-19